

## FIRST DIVISION

[ G.R. No. 117897, May 14, 1997 ]

**ISLAMIC DIRECTORATE OF THE PHILIPPINES, MANUEL F. PEREA  
AND SECURITIES & EXCHANGE COMMISSION, PETITIONERS, VS.  
COURT OF APPEALS AND IGLESIA NI CRISTO, RESPONDENTS.  
D E C I S I O N**

**HERMOSISIMA, JR., J.:**

The subject of this petition for review is the Decision of the public respondent Court of Appeals,<sup>[1]</sup> dated October 28, 1994, setting aside the portion of the Decision of the Securities and Exchange Commission (SEC, for short) in SEC Case No. 4012 which declared null and void the sale of two (2) parcels of land in Quezon City covered by the Deed of Absolute Sale entered into by and between private respondent Iglesia Ni Cristo (INC, for short) and the Islamic Directorate of the Philippines, Inc., Carpizo Group, (IDP, for short).

The following facts appear of record.

Petitioner IDP-Tamano Group alleges that sometime in 1971, Islamic leaders of all Muslim major tribal groups in the Philippines headed by Dean Cesar Adib Majul organized and incorporated the ISLAMIC DIRECTORATE OF THE PHILIPPINES (IDP), the primary purpose of which is to establish an Islamic Center in Quezon City for the construction of a "Mosque (prayer place), Madrasah (Arabic School), and other religious infrastructures" so as to facilitate the effective practice of Islamic faith in the area.<sup>[2]</sup>

Towards this end, that is, in the same year, the Libyan government donated money to the IDP to purchase land at Culiati, Tandang Sora, Quezon City, to be used as a Center for the Islamic populace. The land, with an area of 49,652 square meters, was covered by two titles: Transfer Certificate of Title Nos. RT-26520 (176616)<sup>[3]</sup> and RT-26521 (170567),<sup>[4]</sup> both registered in the name of IDP.

It appears that in 1971, the Board of Trustees of the IDP was composed of the following per Article 6 of its Articles of Incorporation:

Senator Mamintal Tamano<sup>[5]</sup>  
Congressman Ali Dimaporo  
Congressman Salipada Pendatun  
Dean Cesar Adib Majul  
Sultan Harun Al-Rashid Lucman  
Delegate Ahmad Alonto  
Commissioner Datu Mama Sinsuat  
Mayor Aminkadra Abubakar<sup>[6]</sup>

According to the petitioner, in 1972, after the purchase of the land by the Libyan government in the name of IDP, Martial Law was declared by the late President Ferdinand Marcos. Most of the members of the 1971 Board of Trustees like Senators Mamintal Tamano, Salipada Pendatun, Ahmad Alonto, and Congressman Al-Rashid Lucman flew to the Middle East to escape political persecution.

Thereafter, two Muslim groups sprung, the Carpizo Group, headed by Engineer Farouk Carpizo, and the Abbas Group, led by Mrs. Zorayda Tamano and Atty. Firdaussi Abbas. Both groups claimed to be the legitimate IDP. Significantly, on October 3, 1986, the SEC, in a suit between these two contending groups, came out with a Decision in SEC Case No. 2687 declaring the election of both the Carpizo Group and the Abbas Group as IDP board members to be null and void. The dispositive portion of the SEC Decision reads:

*"WHEREFORE, judgment is hereby rendered declaring the elections of both the petitioners<sup>[7]</sup> and respondents<sup>[8]</sup> as null and void for being violative of the Articles of Incorporation of petitioner corporation. With the nullification of the election of the respondents, the approved by-laws which they certified to this Commission as members of the Board of Trustees must necessarily be likewise declared null and void. However, before any election of the members of the Board of Trustees could be conducted, there must be an approved by-laws to govern the internal government of the association including the conduct of election. And since the election of both petitioners and respondents have been declared null and void, a vacuum is created as to who should adopt the by-laws and certify its adoption. To remedy this unfortunate situation that the association has found itself in, the members of the petitioning corporation are hereby authorized to prepare and adopt their by-laws for submission to the Commission. Once approved, an election of the members of the Board of Trustees shall immediately be called pursuant to the approved by-laws.*

SO ORDERED."<sup>[9]</sup>

Neither group, however, took the necessary steps prescribed by the SEC in its October 3, 1986 Decision, and, thus, no valid election of the members of the Board of Trustees of IDP was ever called. Although the Carpizo Group<sup>[10]</sup> attempted to submit a set of by-laws, the SEC found that, aside from Engineer Farouk Carpizo and Atty. Musib Buat, those who prepared and adopted the by-laws were not bona fide members of the IDP, thus rendering the adoption of the by-laws likewise null and void.

On April 20, 1989, without having been properly elected as new members of the Board of Trustees of IDP, the Carpizo Group caused to be signed an alleged Board Resolution<sup>[11]</sup> of the IDP, authorizing the sale of the subject two parcels of land to the private respondent INC for a consideration of P22,343,400.00, which sale was evidenced by a Deed of Absolute Sale<sup>[12]</sup> dated April 20, 1989.

On May 30, 1991, the petitioner 1971 IDP Board of Trustees headed by former Senator Mamintal Tamano, or the Tamano Group, filed a petition before the SEC, docketed as SEC Case No. 4012, seeking to declare null and void the Deed of

Absolute Sale signed by the Carpizo Group and the INC since the group of Engineer Carpizo was not the legitimate Board of Trustees of the IDP.

Meanwhile, private respondent INC, pursuant to the Deed of Absolute Sale executed in its favor, filed an action for Specific Performance with Damages against the vendor, Carpizo Group, before Branch 81 of the Regional Trial Court of Quezon City, docketed as Civil Case No. Q-90-6937, to compel said group to clear the property of squatters and deliver complete and full physical possession thereof to INC. Likewise, INC filed a motion in the same case to compel one Mrs. Leticia P. Ligon to produce and surrender to the Register of Deeds of Quezon City the owner's duplicate copy of TCT Nos. RT-26521 and RT-26520 covering the aforementioned two parcels of land, so that the sale in INC's favor may be registered and new titles issued in the name of INC. Mrs. Ligon was alleged to be the mortgagee of the two parcels of land executed in her favor by certain Abdulrahman R.T. Linzag and Rowaida Busran-Sampaco claimed to be in behalf of the Carpizo Group.

The IDP-Tamano Group, on June 11, 1991, sought to intervene in Civil Case No. Q-90-6937 averring, inter alia:

"xxx xxx xxx

2. That the Intervenor has filed a case before the Securities and Exchange Commission (SEC) against Mr. Farouk Carpizo, et, al., who, through false schemes and machinations, succeeded in executing the Deed of Sale between the IDP and the Iglesia Ni Kristo (plaintiff in the instant case) and which Deed of Sale is the subject of the case at bar;

3. That the said case before the SEC is docketed as Case No. 04012, the main issue of which is whether or not the aforesaid Deed of Sale between IDP and the Iglesia ni Kristo is null and void, hence, Intervenor's legal interest in the instant case. A copy of the said case is hereto attached as Annex 'A';

4. That, furthermore, Intervenor herein is the duly constituted body which can lawfully and legally represent the Islamic Directorate of the Philippines;

xxx xxx xxx."<sup>[13]</sup>

Private respondent INC opposed the motion arguing, inter alia, that the issue sought to be litigated by way of intervention is an intra-corporate dispute which falls under the jurisdiction of the SEC.<sup>[14]</sup>

Judge Celia Lipana-Reyes of Branch 81, Regional Trial Court of Quezon City, denied petitioner's motion to intervene on the ground of lack of juridical personality of the IDP-Tamano Group and that the issues being raised by way of intervention are intra-corporate in nature, jurisdiction thereto properly pertaining to the SEC.<sup>[15]</sup>

Apprised of the pendency of SEC Case No. 4012 involving the controverted status of the IDP-Carpizo Group but without waiting for the outcome of said case, Judge Reyes, on September 12, 1991, rendered Partial Judgment in Civil Case No. Q-90-6937 ordering the IDP-Carpizo Group to comply with its obligation under the Deed

of Sale of clearing the subject lots of squatters and of delivering the actual possession thereof to INC.<sup>[16]</sup>

Thereupon, Judge Reyes in another Order, dated March 2, 1992, pertaining also to Civil Case No. Q-90-6937, treated INC as the rightful owner of the real properties and disposed as follows:

"WHEREFORE, Leticia P. Ligon is hereby ordered to produce and/or surrender to plaintiff<sup>[17]</sup> the owner's copy of RT-26521 (170567) and RT-26520 (176616) in open court for the registration of the Deed of Absolute Sale in the latter's name and the annotation of the mortgage executed in her favor by herein defendant Islamic Directorate of the Philippines on the new transfer certificate of title to be issued to plaintiff.

SO ORDERED."<sup>[18]</sup>

On April 6, 1992, the above Order was amended by Judge Reyes directing Ligon "to deliver the owner's duplicate copies of TCT Nos. RT-26521 (170567) and RT-26520 (176616) to the Register of Deeds of Quezon City for the purposes stated in the Order of March 2, 1992."<sup>[19]</sup>

Mortgagee Ligon went to the Court of Appeals, thru a petition for certiorari, docketed as CA-G.R. No. SP-27973, assailing the foregoing Orders of Judge Reyes. The appellate court dismissed her petition on October 28, 1992.<sup>[20]</sup>

Undaunted, Ligon filed a petition for review before the Supreme Court which was docketed as G.R. No. 107751.

In the meantime, the SEC, on July 5, 1993, finally came out with a Decision in SEC Case No. 4012 in this wise:

"1. Declaring the by-laws submitted by the respondents<sup>[21]</sup> as unauthorized, and hence, null and void.

2. Declaring the sale of the two (2) parcels of land in Quezon City covered by the Deed of Absolute Sale entered into by Iglesia ni Kristo and the Islamic Directorate of the Philippines, Inc.<sup>[22]</sup> null and void.

3. Declaring the election of the Board of Directors<sup>[23]</sup> of the corporation from 1986 to 1991 as null and void; 4. Declaring the acceptance of the respondents, except Farouk Carpizo and Musnib Buat, as members of the IDP null and void. No pronouncement as to cost.

SO ORDERED."<sup>[24]</sup>

Private respondent INC filed a Motion for Intervention, dated September 7, 1993, in SEC Case No. 4012, but the same was denied on account of the fact that the decision of the case had become final and executory, no appeal having been taken therefrom.<sup>[25]</sup>

INC elevated SEC Case No. 4012 to the public respondent Court of Appeals by way

of a special civil action for certiorari, docketed as CA-G.R. SP No. 33295. On October 28, 1994, the court a quo promulgated a Decision in CA-G.R. SP No. 33295 granting INC's petition. The portion of the SEC Decision in SEC Case No. 4012 which declared the sale of the two (2) lots in question to INC as void was ordered set aside by the Court of Appeals.

Thus, the IDP-Tamano Group brought the instant petition for review, dated December 21, 1994, submitting that the Court of Appeals gravely erred in:

- 1) Not upholding the jurisdiction of the SEC to declare the nullity of the sale;
- 2) Encouraging multiplicity of suits; and
- 3) Not applying the principles of estoppel and laches.<sup>[26]</sup>

While the above petition was pending, however, the Supreme Court rendered judgment in G.R. No. 107751 on the petition filed by Mrs. Leticia P. Ligon. The Decision, dated June 1, 1995, denied the Ligon petition and affirmed the October 28, 1992 Decision of the Court of Appeals in CA-G.R. No. SP-27973 which sustained the Order of Judge Reyes compelling mortgagee Ligon to surrender the owner's duplicate copies of TCT Nos. RT-26521 (170567) and RT-26520 (176616) to the Register of Deeds of Quezon City so that the Deed of Absolute Sale in INC's favor may be properly registered.

Before we rule upon the main issue posited in this petition, we would like to point out that our disposition in G.R. No. 107751 entitled, "Ligon v. Court of Appeals," promulgated on June 1, 1995, in no wise constitutes *res judicata* such that the petition under consideration would be barred if it were the case. Quite the contrary, the requisites of *res judicata* do not obtain in the case at bench.

Section 49, Rule 39 of the Revised Rules of Court lays down the dual aspects of *res judicata* in actions in personam, to wit:

"Effect of judgment. - The effect of a judgment or final order rendered by a court or judge of the Philippines, having jurisdiction to pronounce the judgment or order, may be as follows:

xxx xxx xxx

(b) In other cases the judgment or order is, with respect to the matter directly adjudged or as to any other matter that could have been raised in relation thereto, conclusive between the parties and their successors in interest by title subsequent to the commencement of the action or special proceeding, litigating for the same thing and under the same title and in the same capacity;

(c) In any other litigation between the same parties or their successors in interest, that only is deemed to have been adjudged in a former judgment which appears upon its face to have been so adjudged, or which was actually and necessarily included therein or necessary thereto."